

**1 Purpose**

- 1.1 To update members of the new procurement undertaken in relation to the materials recycling contract for Waste Services.

**2 Recommendations**

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| 2.1 To consider the contents of this report and make recommendation to Cabinet Members to approve the contractual arrangements for the Councils materials recycling facility. |
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**3 Supporting information**

- 3.1 In 2012 AVDC adopted a mixed recycling collection regime that allowed residents to place paper, glass, plastics bottles, tubs, and trays, cans and tetrapak mixed together into a single recycling bin.
- 3.2 In September 2012 the council began a new contract with a recyclable materials processing facility, known as a MRF. The contract was for a 3+3 year period. This contract is due to expire on 3<sup>rd</sup> September 2018 and AVDC have no further option to extend the contract.
- 3.3 The original 2012 contract was procured at a time when the materials recycling Market was buoyant and recyclable materials such as paper and card, steel and aluminium cans and some plastic bottles attracted an income for the council of around half a million pounds per year. This income was made up of a fixed payment per tonne
- 3.4 During the first 3 year period of the contract the value of the recycling materials market began to decline and in 2015 AVDC were required to renegotiate the fixed price per tonne. This resulted in a loss of around £250k income per annum to the council.
- 3.5 Since 2015 the materials market has been fluctuating in response to Chinese materials markets requiring less imported recycling. Currently the global materials market is exposed to particular market pressures around plastics and paper and therefore materials are struggling to hold their value.
- 3.6 These market pressures have been passed down the supply chain and councils that are currently procuring new MRF contracts have found that rather than generating income from the recyclable material they collect, they are now being charged a gate fee to process the material.
- 3.7 AVDC undertook a joint procurement with Cherwell DC and South Northants in 2017. The tenders have now been returned and evaluated and a company based in Leicestershire called Casepack has won the contract. The contract is being let on a 3 + 3 year term as before.
- 3.8 Additional supporting information is available in the confidential papers in the report.

#### **4 Options considered**

- 4.1 If AVDC do not wish to enter this income share agreement another procurement exercise could be carried out, however there would be no guarantee that an improved gate fee would be secured.

Contact Officer Isabel Edgar Briancon 01296 585862  
Background Documents None